

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

S E C R E T STATE 091664

EXDIS

FOLLOWING REPEAT BEIRUT 5141 ACTION SECSTATE INFO AMMAN

CAIRO DAMASCUS JIDDA KUWAIT ABU DHABI TEL AVIV USUN

02 MAY

QUOTE

S E C R E T BEIRUT 5141

EXDIS

FOR AMBASSADOR TO IO AMB BUFFUM

TEL AVIV FOR SECRETARY'S PARTY

DEPT PASS MANAMA

EO 11652: GDS

TAGS: EAID SREF UNRWA XF

SUBJ: UNRWA FINANCES

SUMMARY: UNRWA COMGEN INFORMED US IN UTMOST-CONFIDENCE

MAY 2 THAT TIME IS FAST RUNNING OUT RE AGENCY'S FINANCIAL

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CRISIS AND THAT HE IS THINKING OF WARNING HOST GOVTS

AS EARLY AS MAY 8 OF LIKELIHOOD OF REDUCTIONS IN REFUGEE SERVICES BEGINNING JUN OR JUL. HE ASKED THAT HIS PLANS IN THIS REGARD BE BROUGHT TO DEPT'S ATTENTION IN ORDER ELICIT OUR COMMENTS AND ADVICE. EMD SUMMARY.

1. UNRWA COMGEN RENNIE AND DEP COMGEN MCELHINEY CALLED ON ME TODAY TO REVIEW STATE OF EFFORTS TO OBTAIN SUBSTANTIALLY INCREASED REVENUE TO COVER AGENCY'S DOLS 11 MILLION BUDGET DEFICIT OR, FAILING THAT, TO BEGIN PROCESS OF INFORMING INTERESTED GOVTS THAT MAJOR CUTBACKS IN REFUGEE SERVICES WILL ALMOST CERTAINLY HAVE TO BE MADE IN NEAR FUTURE. SIR JOHN NOTED THAT ALL OUR EFFORTS TO ELICIT ADDITIONAL FINANCIAL ASSISTANCE FROM WEALTHY ARAB GOVTS HAVE PRODUCED VERY LITTLE, THAT SUPPLEMENTARY CONTRIBUTION BY EEC IS STILL AWAITING COUNCIL OF MINISTERS DECISION IN BRUSSELS AND NO ASSURANCE THAT IT WILL MATERIALIZE WILL BE FORTHCOMING UNTIL END OF MAY AT EARLIEST, AND THAT HE HAS NO INFO RE PRECISE TIMING OF USG INITIATIVE TO MAKE SIZEABLE ONE-SHOT EMERGENCY DONATION TO UNRWA--PROSPECTS FOR WHICH WE HAD HOPED WOULD BE ENHANCED BY NEWS OF ADDITIONAL EEC AND ARAB CONTRIBUTIONS. RECALLING THAT HE HAD PROMISED AMBASSADOR BUFFUM LAST MONTH IN NEW YORK TO INFORM HIM BEFORE MAKING ANY FORMAL MOVE TO WARN ARAB HOST GOVTS THAT CUTBACKS MAY BE IMMINENT, SIR JOHN ASKED THAT WE INFORM AMBASSADOR BUFFUM THAT AGENCY'S POSITION (RE BOTH ITS FINANCES AND NEED TO SET CUTBACK PROCESS IN MOTION IN MOST ORDERLY FASHION) HAS NOW BECOME SO CRITICAL THAT HE BELIEVES HE SHOULD START PROCESS OF FORMALLY NOTIFYING HOST GOVTS ABOUT MAY 8.

2. RENNIE ADDED THAT HIS HAND HAD ALREADY BEEN FORCED SOMEWHAT IN THIS REGARD BY FACT THAT UNRWA TEACHERS IN EAST JORDAN ARE PLANNING STRIKE FOR HIGHER ALLOWANCES IN NEAR FUTURE AND THAT JORDANIAN MINISTER OF EDUCATION AMER IS SUPPORTING THEIR DEMANDS--DESPITE FACT THAT GOJ IS, OR SHOULD BE, WELL AWARE OF AGENCY'S GRAVE FINANCIAL DILEMMA. COMGEN HAS SENT STRONG LETTER TO AMER EXPRESSING HIS SHOCK AT THIS STATE OF AFFAIRS, NOTING IT COMES AT TIME WHEN UNRWA IS VIRTUALLY BROKE AND IS ALREADY REVIEWING MAJOR CUTBACKS IN UNRWA SERVICES WITH VIEW TO

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AVOIDING BANKRUPTCY. RENNIE SAID SINCE NEWS THAT UNRWA IS SERIOUSLY CONSIDERING CUTBACKS IS LIABLE TO BE CIRCULATED WITHIN GOJ AND TO OTHER ARAB HOST GOVTS, HE FEELS OBLIGED TO BEGIN FORMAL PROCESS OF WARNING HOST GOVTS THAT THIS POSSIBILITY IS REAL AND IMMINENT, OUTLINING EXTENT TO WHICH RATION AND EDUCATION SERVICES MAY HAVE TO BE REDUCED, AND PREPARING FOR EMERGENCY ADCOM MEETING THAT WILL INEVITABLY RESULT. BEFORE DOING SO, HOWEVER,

SIR JOHN ASKED ME TO BRING HIS TIMETABLE TO AMBASSADOR BUFFUM'S ATTENTION AND INQUIRE IF THERE IS ANY POSSIBILITY THAT ASSURANCE OF SPECIAL US CONTRIBUTION MIGHT BE FORTHCOMING IN TIME TO AVOID HIS HAVING TO PROCEED WITH SCENARIO OUTLINED ABOVE.

3. IN THIS CONNECTION, SIR JOHN NOTED THAT ACCORDING TO HIS LATEST INFO, TOTAL EEC CONTRIBUTION (COMMUNITY PLUS INDIVIDUAL MEMBER GOVTS) TO UNRWA FOR 1974 WILL AMOUNT TO SLIGHTLY OVER DOLS 24 MILLION. THIS FIGURE, WHICH EXCEEDS LAST YEAR'S TOTAL EEC CONTRIBUTION BY ALMOST DOLS 5 MILLION, DOES NOT RPT NOT INCLUDE EXPECTED EEC SUPPLEMENTARY DONATION CURRENTLY AWAITING COUNCIL OF MINISTERS DECISION. IF LATTER DONATION IS FORTHCOMING (PROBABLY NOT TO BE AUTHORIZED BEFORE JUN/JUL AT EARLIEST), TOTAL EEC CONTRIBUTION TO UNRWA WOULD OUTSTRIP US ANNUAL CONTRIBUTION (DOLS 25.2 MILLION) FOR FIRST TIME IN HISTORY. COMGEN HOPES THAT THIS DEVELOPMENT MIGHT SERVE TO ASSIST DEPT IN PRESENTING ITS PROPOSAL FOR ADDITIONAL US EMERGENCY ASSISTANCE TO UNRWA TO CONGRESS.

4. I BRIEFED RENNIE ON STATE OF OUR EFFORTS TO ELICIT ADDITIONAL CONTRIBUTIONS FROM WEALTHY ARAB STATES. (HE WAS PARTICULARLY ENCOURAGED TO HEAR OF EMBASSY ABU DHABI'S EFFORTS WITH UAEG.) SIR JOHN SAID HE HOPED WE MIGHT SUCCEED, BUT REITERATED THAT TIME IS RUNNING INCREASINGLY SHORT AND THAT AGENCY'S POSITION IN CONTINUING ABSENCE OF ANY EVIDENCE THAT SUPPLEMENTAL ASSISTANCE WILL BE FORTHCOMING OBLIGES HIM TO NOTIFY US OF HIS THINKING. HE STATED HE WOULD OF COURSE POSTPONE HIS APPROACHES TO HOST GOVTS IF SUCH APPROACHES MIGHT COMPLICATE THE SECRETARY'S CURRENT EFFORTS IN THE AREA. HE ADDED HOWEVER THAT IF SOME WEEKS FROM NOW UNRWA IS STILL FACED
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WITH ITS FINANCIAL DILEMMA, NEED FOR EVENTUAL CUTBACKS WOULD BE EVEN MORE DRASTIC AND PAINFUL--AND UNFAVORABLE AREA REPERCUSSIONS WOULD LIKELY BE EVEN MORE VIOLENT.

5. I ASSURED SIR JOHN I WOULD CONVEY HIS THINKING TO DEPT AND AMBASSADOR BUFFUM AND WOULD EMPHASIZE URGENCY OF UNRWA'S PROBLEM AS WELL AS AGENCY'S NEED FOR SOME GREATER ASSURANCE OF EARLY FINANCIAL RELIEF IN ORDER ENABLE IT REFRAIN FROM APPROACHING HOST GOVTS WITH WARNINGS OF DRASTIC CUTBACKS AT THIS CRUCIAL JUNCTURE IN ME SETTLEMENT PROCESS. RENNIE APOLOGIZED FOR HAVING TO RAISE THIS ISSUE AT SUCH A TIME, BUT REITERATED THAT TIME IS FAST RUNNING OUT FOR UNRWA AND THAT HE THOUGHT IT BEST ADVISE USG OF HIS CONTINGENCY PLANS AS MUCH IN ADVANCE AS POSSIBLE. HE ADDED THAT HE WOULD GIVE STRONG

CONSIDERATION TO FOLLOWING WHATEVER ADVICE USG COULD
OFFER HIM AT THIS JUNCTURE. HE PARTICULARLY ASKED THAT
SITUATION RELATED PARA 2 ABOVE NOT RPT NOT BE TAKEN UP
WITH GOJ AND THAT ALL FOREGOING BE TREATED STRICTLY US
EYES ONLY.

6. ACTION REQUESTED: WOULD APPRECIATE DEPT'S COMMENTS
ON SCENARIO OUTLINED BY RENNIE, AS WELL AS ASSESSMENT
OF WHETHER, AND HOW SOON, ACTION ON US EMERGENCY ASSISTANCE
TO UNRWA CAN BE EXPECTED.
GODLEY UNQUOTE RUSH

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